BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 1997

DOCKET NO. R97-1

FIRST SET OF INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA TO UPS WITNESS NEELS
(MPA/UPS-T1-1-3)

(January 28, 1998)

Pursuant to the Commission's Rules of Practice, Magazine Publishers of America hereby submits the attached interrogatories to UPS witness Neels (MPA/UPS-T1-1-3).

Respectfully submitted,

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INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA
TO UNITED PARCEL SERVICE WITNESS NEELS

MPA/UPS-T1-1. Please refer to table A-1 on page A-5 of your testimony, and to table 17 on page 84 of witness Bradley's testimony.

a. Please confirm that your "errors-in-variables" estimates of variability for the Manual Letters and Manual Flats activities are 0.5881 and 0.6967, respectively. If you do not confirm, please explain.

b. Please confirm that witness Bradley's "errors-in-variables" estimates of variability for the Manual Letters and Manual Flats activities are 0.6048 and 0.6999, respectively. If you do not confirm, please explain.

c. Since your testimony appears to claim (at page A-4, lines 6-8) that you reproduced witness Bradley's methodology for obtaining these estimates, please reconcile the apparent discrepancies between these two sets of estimates.

MPA/UPS-T1-2. Please refer to page 31, lines 20-22, of your testimony and define the phrase "full data set".

MPA/UPS-T1-3. Please refer to page 35, lines 18-21, of your testimony, where you described how you calculated the "effects of technological change" in witness Bradley's model, which you subsequently graphed in Figures 3 and 4. Refer also to witness Bradley's equation (2) at page 36 of his testimony.
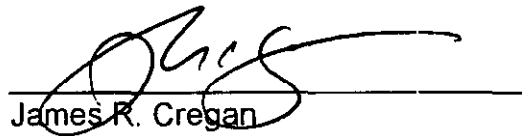
a. By "the products of the time trend variables and their estimated coefficients," did you mean that the vertical distance between the horizontal axis and each of the points in Figures 3 and 4 was calculated by summing the products of each term on the righthand side of equation (2) in which t_1 or t_2 appears and its corresponding coefficient? Please answer "yes" or "no."

b. By "the products of the time trend variables and their estimated coefficients," did you mean that the vertical distance between the horizontal axis and each of the points in Figures 3 and 4 was calculated by summing the products of each term on the righthand side of equation (2) in which a linear or quadratic term in t_1 or t_2 appears by itself and its corresponding coefficient (i.e., excluding interaction terms)? Please answer "yes" or "no."

c. By "the products of the time trend variables and their estimated coefficients," did you mean that the vertical distance between the horizontal axis and each of the points in Figures 3 and 4 was calculated by summing the products of each term on the righthand side of equation (2) in which a linear term in t_1 or t_2 appears by itself and its corresponding coefficient (i.e., excluding interaction and higher-order terms)? Please answer "yes" or "no."

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d. If your answers to parts a. through c. are all "no," please provide and explain the correct interpretation of the phrase, "the products of the time trend variables and their estimated coefficients", using witness Bradley's notation.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

James R. Cregan

Washington, D.C.
January 28, 1998